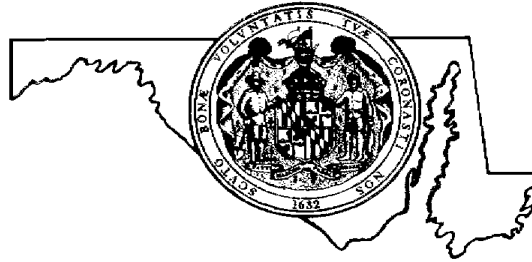


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**NEW REPORT SHOWS MARYLAND HEALTH CARE EXPENDITURES  
GREW 11.8 PERCENT TO \$21.0 BILLION IN 2001**

BALTIMORE, MD (January 16, 2003) -- At a meeting here today, the Maryland Health Care Commission ("MHCC" or "Commission") released the report, ***State Health Care Expenditures: Experience from 2001***. This annual release, mandated by health care reform legislation passed in 1993, is the Commission's eighth analysis of health care expenditures and utilization by Maryland residents.

Major findings include:

- ***Rapid increases in spending across all types of health care services in 2001 brought total health care spending for Maryland residents to \$21.0 billion up from \$18.8 billion in 2000.*** The 12 percent rate of growth in 2001 was the most rapid since MHCC began estimating expenditures in 1994. Over the past three years, overall rates of growth have accelerated from 5 percent in 1999 to 8 percent in 2000 to 12 percent in 2001.
- ***Hospital outpatient services (18 percent), non-physician professional services (15 percent), and prescription drugs (14 percent) had the most rapid growth in spending.*** Spending on hospital care, including inpatient and the rapidly growing outpatient service sector, totaled \$7.2 billion in 2001 with outpatient hospital care absorbing \$2.1 billion of that total. Spending on professional health care services now totals \$5.0 billion for physician care and \$2.1 billion for other professional services. The increase in prescription drug spending is on top of a 22 percent jump in 1999 and an 11 percent rise in 2000.
- ***Medicare and Medicaid expenditures grew faster than spending by either private insurers or consumers in Maryland.*** Medicare, the largest single insurer in the state, spent 13 percent more in 2001 than in 2000, as did Medicaid. Expenditures covered by private third party payers grew by 11 percent.
- ***Consumer spending out-of-pocket, consisting of copayments, deductibles, and full direct payments, increased by 12 percent.*** A more rapid growth in consumer out-of-pocket spending underscores employers and other purchasers cost containment strategies that aim to slow the rate of increase in premiums by shifting costs to consumers through higher copayments and deductibles. Out-of-pocket spending increases for prescription drugs (15 percent) and non-physician professional services (14 percent) were above the rate of growth for total consumer spending and exceeded the rates of increase that private third party payers experienced in these sectors.

- ***A 9 percent decline in private sector HMO enrollment in 2001 follows two years of smaller enrollment declines.*** About 35 percent of the 2001 insured population was enrolled in HMOs, down from 40 percent in 2000.

Barbara Gill McLean, Executive Director of MHCC, commented on the report. "This report demonstrates that Maryland is not immune to the alarming increases in health care spending we are observing nationally. These expenditures add a significant burden to both public programs and private sector coverage. Increases in out-of-pocket spending, while understandable with rising premiums, should be of great concern when we think about the affordability of health care."

Ms. McLean concluded, "This report continues the Commission's effort to accurately track the changing face of health care in Maryland. The Commission acknowledges the efforts of those organizations that worked closely with Commission staff to complete this study in time for the 2003 session of the Maryland General Assembly."

2- The complete report is available on the MHCC web site under  
<http://www.mhcc.state.md.us>

2- Please call 410-764-3570 for a hard copy.

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